

Officers and Staff

James E. McFarland, *Chairman of the Board*
William R. Weir, Jr., *President, CEO*
Arthur G. Corliss, Jr., *Vice President, Treasurer*
Nancy L. Sawyer, *Assistant Vice President*
Sharon L. Kelley, *Mortgage Assistant*
Ardette D. Spear, *Teller*
Michael Bailey, *Operations Assistant*

Directors

Charles E. Bucklin
Richard V. Collier
Kathleen M. Field
James E. McFarland, *Chairman*
Kenneth J. Salvatore
Robert L. Shaw
Michael R. Swanson
William R. Weir, Jr., *Clerk*

Mission Statement

Bar Harbor Savings and Loan Association's mission is to provide every customer with the best personal service and attentiveness possible. We will provide our customers within our business area with competitive deposit and loan services.

The Association's business area consists of the communities of Mount Desert Island along with the additional towns of Swans Island, Frenchboro, Cranberry Isles, Trenton, Lamoine, Hancock, Sullivan, Franklin, Surry and Ellsworth.

Our mission is to provide mortgage loans primarily to individuals seeking to purchase, build or refinance their homes while giving a competitive rate of return for all funds deposited with us and used for this purpose. Our emphasis is on affordable single-family homes.

This will be accomplished by focusing on our core products: passbook savings accounts, money market deposit accounts, certificate of deposit accounts, conventional mortgage loans and secured consumer loans. We will discourage acceptance of deposit accounts from outside our business area and will continue to keep and service all our mortgage loans.

In following this mission, Bar Harbor Savings and Loan Association will be able to maintain steady growth, profitability and a strong capital position necessary to continue business into the future.

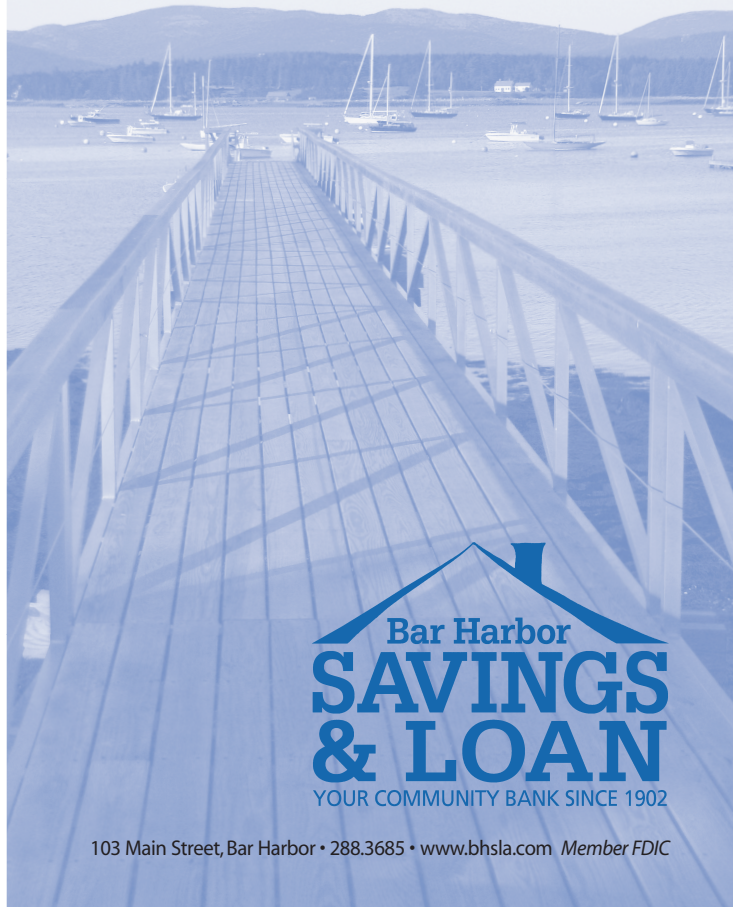
103 Main Street, Bar Harbor, Maine 04609
207 288.3685 • 207 288.2287 fax www.bhsla.com



FINANCIAL STATEMENT

December 31, 2012

**Up-to-date banking,
old-fashioned
personal service**



Bar Harbor
**SAVINGS
& LOAN**
YOUR COMMUNITY BANK SINCE 1902

103 Main Street, Bar Harbor • 288.3685 • www.bhsla.com Member FDIC



Statement of Condition

December 31, 2012

Assets

| | 2012 | 2011 |
|--|------------------------|------------------------|
| First Mortgage Loans | \$50,193,735.87 | \$47,733,413.32 |
| Share Loans to Members secured by members' own accounts | 192,155.95 | 75,149.16 |
| Federal Home Loan Bank Stock | 500,000.00 | 187,400.00 |
| Federal Home Loan Mortgage Corp. | 1,931.47 | 1,556.93 |
| U.S. Government and Agency Securities | 582,310.51 | 2,000,000.00 |
| Cash on Hand in Banks | 80,279.79 | 107,292.26 |
| Other Investments | 23,191,647.88 | 21,521,997.78 |
| Office Building and Land | 458,616.42 | 479,912.42 |
| Furniture and Equipment | 45,811.22 | 52,494.67 |
| Prepaid FDIC Assessments | 44,294.07 | 80,553.40 |
| Other Assets | 273,824.47 | 236,036.07 |
| Total Assets | \$75,564,607.65 | \$72,475,806.01 |

Liabilities and Reserves

| | | |
|--|------------------------|------------------------|
| Shareholders' Savings Accounts entrusted to us by our members | \$68,579,777.71 | \$66,153,478.82 |
| Borrowed Money | 876,861.76 | 871,896.58 |
| Other Liabilities | 101,490.13 | 102,484.99 |
| Guaranty Fund Reserve Accounts | 6,006,478.05 | 5,347,945.62 |
| Total Liabilities and Reserves | \$75,564,607.65 | \$72,475,806.01 |

Results of Operations

| | | |
|------------------------------|----------------|----------------|
| Interest and Dividend Income | \$3,205,868.15 | \$3,085,367.75 |
| Interest Expense | 1,309,265.72 | 1,511,180.40 |
| Net Interest Income | 1,896,602.43 | 1,574,187.35 |
| Provision for Loan Losses | 104,000.00 | 112,000.00 |
| Non-Interest Income | 58,557.92 | 94,598.01 |
| Non-Interest Expense | 900,513.46 | 856,980.76 |
| Income Before Taxes | 950,646.89 | 699,804.60 |
| Income Taxes | 292,343.00 | 198,919.00 |
| Extraordinary Gains (Losses) | (0.00) | (0.00) |
| Net Income | 658,303.89 | 500,885.60 |

Selected Financial Ratios

| | | |
|--------------------------|--------|-------|
| Return on Average Assets | 0.89% | 0.74% |
| Return on Average Equity | 11.60% | 9.83% |